

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

POLYSCIENCES, INC.,

Plaintiff,

v.

JOSEPH T. MASRUD,

Defendant.

Civil Action No.

DECLARATION OF ANDREW OTT

I, Andrew Ott, of full age, hereby declare, under penalty of perjury, as follows:

1. I am Executive Vice President and Chief Operating Officer at Polysciences, Inc. (“Polysciences”). I have held this position since 2018 and held the position of Vice President from February 2015 until then. I am responsible for the daily activities at Polysciences.

2. I submit this Declaration based upon my personal knowledge, information, and belief in support of Polysciences’ Motion for a Temporary Restraining Order.

3. For almost 60 years, Polysciences has been a trusted and well-respected manufacturer of high-purity monomer and polymers products for the scientific community. Polysciences’ collection of small- to mid-scale manufacturing processing and packaging equipment allows it to handle a broad array of products that are widely used for many scientific applications and to enhance critical characteristics.

4. Polysciences has three broad divisions: (1) Laboratory Products/Catalog; (2) Custom Synthesis/Specialty Products; and (3) Contract Manufacturing and Packaging.

5. Over the past twenty-five years, Polyethylenimine (“PEI”) has become a leading transfection reagent. The customers for PEI transfection agents are highly demanding, requiring high quality products to successfully perform their expensive and complex laboratory and

commercial production processes. Because of the great amount of time, skill, and costs involved in developing and manufacturing high quality and consistent PEI products, said products can sell for prices ranging up to ten thousand to a hundred thousand dollars for a gram of the highest quality products.

6. Polysciences' perfected unique, confidential, and proprietary recipes for the production of PEI products has earned the company its reputation for high quality products and made the Polysciences PEI products its most profitable and fastest growing products in the Polysciences' Laboratory Products division. These practices are very difficult to imitate or substitute and give Polysciences a strong competitive edge to its competitors. In fact, over years of effort, research, development, high standards, quality control, and dedicated customer service, Polysciences has established a reputation for its high quality PEI products, which are currently used as a transient transfection and stable reagent for many researchers and companies to gain a critical edge in their work.

7. Polysciences' solution — MAXgene™ GMP Transfection Reagent — and as a powder — MAXgene™ GMP Transfection reagent, Powder capitalizes on the efficiency and scalability of Polysciences' PEI MAX, while adding the validation process and regulatory components necessary for moving into clinical and commercial manufacturing.

8. In 2015, to take advantage of huge market potential Polysciences foresaw, Polysciences launched its project to manufacture GMP certified PEI transfection reagents. This project required meticulous development of manufacturing processes and product specifications based on the existing product line, including in many cases trial and error to determine the preferred industrial scale product manufacturing and supply processes and details, as well as the preferred product recipe.

9. The return on this investment in the GMP project is driven by Polysciences' less expensive non-GMP (PEI Max) product, which is the product customers generally purchase in the research and development phase of the client's product development. When the customer's product progresses to clinical trials for commercial scale, the customer then needs to purchase large quantities of cGMP PEI reagent so that the customer's end product can meet FDA cGMP requirements.

10. Polysciences' MAXgene cGMP products are based on Polysciences' trade secret processes for the PEI Max products, which were developed over many years prior, and then were scaled up for a cGMP product. The cGMP product essentially doubles down on the core of the Polysciences Trade Secrets to produce a highly valuable product line extension. With the addition of these cGMP products, Polysciences' PEI product sales tripled from 2018 to 2019, and in 2020, are expected to more than triple. Such success is attributable to Polysciences' years of development of its trade secrets that allow it to produce PEI products of unique quality and performance.

11. While employed by Polysciences, Mr. Masrud was responsible for sales of PEI products, including managing key accounts, and engaging new customers. Further, as Director of Lab Products, Mr. Masrud was personally responsible for developing market and customer specific pricing strategies, all of which were treated as closely held trade secrets by Polysciences.

12. In January 2019, Mr. Masrud told me that he was leaving Polysciences to relocate to Minnesota where his wife had accepted a job. At this time, he mentioned that he would be forming a company, which I later learned would be Serochem, but he assured me that his company would not be pursuing or selling competing products, such as PEI related products. He stated that

he was interested instead in developing a consulting business and perhaps some downstream biological service products that were very different from what Polysciences offers for sale.

13. On September 6, 2019, Polysciences terminated Mr. Masrud's consulting agreement after he became increasingly difficult to work with and withheld basic business development and account management information from Polysciences, including customer names, customer contact information and pricing strategies.

14. Before leaving Polysciences, Mr. Masrud took documents containing highly confidential and valuable trade secret information. One of such documents was sent on August 20, 2019, from Mr. Masrud's work email account to his personal email account. This document was titled "Polysciences PEI Quality Guide," and it compared Polysciences' specifications for non-GMP powder, non-GMP solution, and GMP solution. Mr. Masrud prepared this document himself to have ready for quick reference to key product specifications and quality processes. The document itself is a unique compilation of data that Polysciences has maintained as a trade secret and further includes specific information that is itself trade secret. These specifications are directly related to the non-GMP powder and solutions that Mr. Masrud is now selling through Serochem.

15. Of the approximately 2,000 products under Mr. Masrud's control as the Director of Lab Products at Polysciences, he chose to launch copycat products of the two most profitable products with the highest growth potential after starting Serochem. Further, Mr. Masrud, as president of Serochem, with seemingly very limited resources, was able to develop, manufacture, and bring to market these two PEI products within less than a year after his departure from Polysciences compared to the years Polysciences, a far more substantial and resourced organization, has spent on developing its PEI products.

I declare under penalty of perjury under the federal laws of the United States that the foregoing is true and correct.

Dated: July 24, 2020

By: 
Andrew Ott